

The European Common Market Patent Convention: The Right To Apply For A Common Market Patent

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INTRODUCTION

IN NOVEMBER 1962, THE DRAFT of the European Common Market Patent Convention was officially released.¹ A year ago, the Foundation already reported quite extensively on numerous provisions of the Draft for the Patent Convention² and on the probable effects on American interests.³

It is important now that the exact terms of those provisions which

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¹The Draft of the European Patent Law Convention, hereinafter referred to as the European Patent Convention or as the Patent Convention. Official text of the Coordinating Committee for Industrial Property Rights of the Commission of the European Economic Community: *Avant-Projet De Convention relatif à un droit européen des brevets élaboré par le groupe de travail Brevets*. The official text was published in a bilingual edition with both French and German versions. All translations of foreign language texts used in this report are the writer's.

²Gerard J. Weiser and J. N. Behrman, "The European Industrial Property Convention," *PTC J. Res. & Ed.*, Vol. 5, No. 3 (Fall 1961), p. 233; Leonard J. Robbins, "The Proposed New European Patent," *PTC J. Res. & Ed.*, Vol. 5, No. 3 (Fall 1961), p. 217. For a detailed analysis of the antitrust regulations of the Common Market that was published by the Foundation, see Gerard J. Weiser, "Freedom of Competition in the European Economic Community: An Analysis of the Regulations Implementing the Antitrust Provisions," *PTC J. Res. & Ed.*, Vol. 6, No. 1 (Spring 1962), p. 20. Subsequent discussions of the Common Market patent were published by Franz Froschmaier, "The Draft Convention of Patents in the Common Market," *International and Comparative Law Quarterly*, Supplementary Publication No. 4 (1962), p. 50; Finniss, Chairman of the ECC Coordinating Committee for Industrial Property Rights, "Industrial Property and the Common Market," *International and Comparative Law Quarterly*, Supplementary Publication No. 4 (1962), p. 47; Michael N. Meller, "Towards a Multinational Patent System," *Journal of the Patent Office Society*, Vol. 44, No. 4 (April 1962), p. 227; George F. Westerman, "A Common Patent in the Common Market," *Journal of the Patent Office Society*, Vol. 44, No. 7 (July 1962), p. 444; Franz Froschmaier, "Grundzüge des Konventionsentwurfs über ein europäisches Patentrecht," *GRUR Ausl.*, Vol. 9 (1962), p. 433; Wagret, "Le Brevet Européen," *Revue du Marché Commun*, Vol. 47 (May 1962), pp. 213, 218; Franz Froschmaier, "Patents, Trademarks and Licenses Within the Community," *International and Comparative Law Quarterly*, Supplementary Publication No. 1 (1961), p. 58.

³Weiser and Behrman, *ibid.*, p. 245; Robbins, *ibid.*, p. 232.

are likely to be of greatest concern to American interests be published promptly for analysis and discussion by interested parties.⁴ A qualified and educated body of opinion can make a contribution towards the enactment of provisions in the Patent Convention that are most conducive to best serving the legitimate interests in the field of industrial property on both sides of the Atlantic harmoniously.

For this purpose, a few important provisions have been singled out for initial reporting here accompanied, at this time, by a very brief discussion. Amongst the most important provisions of immediate concern are those proposing to regulate the right of parties that are not members of the contracting states⁵ to avail themselves of the European Patent.⁶ Three rights must be distinguished: on one hand, the right of adherence or of association to the Convention,⁷ and on the other hand, the right of accessibility or the right to apply for a European patent without adherence or association. Problems arising if the United States were to consider some form of association, have already been discussed.⁸ Only the provisions controlling the right to apply for a European patent by a non-contracting member will be considered here, particularly as they apply to a member of the International Convention for the Protection of Industrial Property,⁹ like the United States.

⁴The Honorable David L. Ladd, Commissioner of Patents, in an Address at the American Bar Association, Patent, Trademark, and Copyright section, August 8, 1962, on "The Patent Plans of the Common Market Countries," has encouraged a study of these plans. He stated:

"I want to make some comments upon the Common Market plans for a European patent system. Specifically, I want to suggest that on the basis of what we now know about this proposal, those in the United States who are interested should begin to study the proposal, consider its implications for the United States, and form their opinions about the Common Market system." The Commissioner's address appears in *Journal of the Patent Office Society*, Vol. 44, No. 9 (September 1962), p. 583.

⁵The contracting states would be, initially, the members of the Common Market: France, Germany, Italy, Luxembourg, Holland, and Belgium. It would include Great Britain if she should join the Common Market before the Convention becomes effective.

⁶*Op. cit.*, note 4, the Commissioner stated:

". . . I feel free to say that on the question of access to the Common Market patent, it seems clear to me that access should be made available, at least to the nationals of countries, like the United States, which are members of the Paris Union."

⁷Article 211 covers Adherence and Article 212 Association.

⁸Meller, *op. cit.*, *supra*, note 2, pp. 227, 253.

⁹The International Convention for the Protection of Industrial Property as amended in 1958 in Lisbon, hereinafter cited as the Paris Union Convention and its members as the Union members, *Journal of the Patent Office Society*, Vol. 41, No. 2 (February 1959), p. 87.

I. THE TWO ALTERNATIVES TO ACCESSIBILITY

THE RIGHT TO FILE FOR AN APPLICATION for a European patent is set forth in two alternative proposals:¹⁰ one embodies a very liberal approach and the other a very restrictive one.

Under the first proposal for accessibility, any party can file for a European patent. Under the second proposal, three conditions must be fulfilled: the applicant must qualify as a national of one of the contracting states, the application must be filed in one of the contracting states, and it must qualify as a "first" application under Article 4 of the International Paris Convention. More specifically, Article 5 reads as follows:

ARTICLE 5

THE RIGHT TO FILE FOR A EUROPEAN PATENT

First Variant—Any party desiring to obtain protection for his invention for the entirety of the Territory of the Contracting States, may apply for a European patent.

Second Variant—1) Any natural person or legal person, or anybody qualifying as a legal person under the national law, having the nationality of one of the Contracting States, that desires to obtain protection for his invention for the entirety of the Territory of the Contracting States, may apply for a European patent.

2) The application for a European patent must be based on one or more applications for a national patent filed in one of the Contracting States and qualify as a first filing in accordance with Article 4 of the Paris Convention for the protection of industrial property of March 20, 1883, as last amended in Lisbon on October 31, 1958.

The first variant provides for unrestricted accessibility for any party independently from membership in the Paris Union Convention. In the second variant, sections (1) and (2), considered cummulatively, restrict accessibility to a party domiciled in and having the nationality¹¹ of one of the contracting states who has filed there his first application. Hence, in effect, this variant would preclude the subsidiary of an American company from filing for a European patent unless that filing qualified as a first filing, and thus would be prior to the filing of the application in the United States.

When in variant 2, section (1) is considered independently of section (2), it would entitle a *ressortissant* of the contracting state to file

¹⁰Article 5, variants 1 and 2.

¹¹A party domiciled in one of the contracting states and qualifying thereby as a

for a European patent regardless of whether this application qualifies or not as a first filing. Accordingly, it was suggested that Common Market subsidiaries of American companies would be entitled to file for a Common Market patent.¹² The futility of such a clause in excluding by itself applications for a Common Market patent from non-contracting Member States was recognized in Europe.¹³ When section (2) of variant 2 is considered independently of section (1), any party, regardless of domicile, who files first in one of the contracting states would be entitled to a European patent. This would mean that an American applicant would have to file first in one of the contracting states before filing in the United States. But, he would not have to be domiciled in the contracting state. Section (2) of variant 2, alone, was one of the solutions advocated by proponents of limited accessibility.¹⁴ Now, the cumulative effects of sections (1) and (2) of variant 2 foreclose some of these possibilities for obtaining access to the European Patent. Accessibility would be available only on extremely restricted terms.

II. LIMITED ACCESSIBILITY AND THE INTERNATIONAL CONVENTION

A recent study¹⁵ showed that the exclusion of the members of the Paris Union from the European Patent would be a clear violation of

national thereof is hereinafter called a *ressortissant*.

¹²Weiser and Behrman, *op. cit., supra*, note 2, p. 247; Robbins, *op. cit., supra*, note 2, p. 232; Stephen P. Ladas, "Common Market Patent and Trademark Treaties Open or Closed," *Industrial Property Quarterly*, Vol. 1 (1962), pp. 23,24.

¹³Committee of National Institutes of Patent Agents, CNIPA, Subcommittee on Patent Integration, *Industrial Property Quarterly*, Vol. 1 (1962), pp. 18, 20. The Committee stated:

"The possibility that a restrictive policy would turn out to be futile because filing of an application from abroad might be arranged through an associated concern within one of the participating countries, even if this concern were merely a patent holding company."

¹⁴*Ibid.*, on the question of access, the CNIPA Committee considered four alternatives:

"open to everybody; or open only to persons residing or established in the participating countries; or open only to persons entitled under special conditions related to (a) the place where the invention has been made, or (b) the place where the first application for such invention has been filed."

The Committee favored:

"restricting accessibility to those who have filed their first application for any invention in any participating country as the neatest and most realistic solution of the problem."

¹⁵Gabriel Frayne, "The ECC Common Market Patent and the National Treatment Principle," *Industrial Property Quarterly*, Vol. 5 (1962), p. 126; Stephen P. Ladas, *Industrial Property, American Enterprise in the European Common Market, A Legal Profile*, (Stein and Nicholson, 1960), p. 235.

the national treatment principle of the Convention.¹⁶ Under this view, the European Patent Convention would be distinguishable from prior, special arrangements established pursuant to Article 15 of the Paris Convention¹⁷ in offering significant, substantive advantages over the national laws. Accordingly, a discriminatory system would be established which would be inconsistent with the Paris Convention.

(1) *Variant 2 and the National Principle of the Paris Convention*

Variant 2 of the European Patent Convention, however, does not totally exclude non-contracting states from applying for a European patent. Accordingly, at first glance, a violation of the national treatment principle would not appear to be made out immediately. Perhaps, an attempt to justify the requirements imposed on non-contractants may even be made as a condition or formality allowed under Article 2 of the International Convention. This Article conditions the grant of the same protection and the same legal remedy to all members of the Paris Union Convention "provided they observe the conditions and formalities imposed upon Nationals." Moreover, once having complied with the requirements of filing set forth by Article 5, variant 2, the non-member would appear to be fully entitled to the rights under the European Convention. Such justification for the restrictions, however, would not be sound.

Variant 2 of Article 5 requires of the applicant from a non-contracting state a complete divestiture of his foreign status. There is no parallel for such requirements under any of the special arrangements entered into pursuant to Article 15 of the International Convention. The conditions sought to be imposed by Article 5, variant 2, for the non-member's admission go to the very crux of his status as a non-member in requiring him to completely assimilate as a member before being granted access to the rights and obligations of the European Patent Convention. This would essentially be tantamount to denying him

¹⁶Article 2, section 1, of the International Paris Convention states:

"Nationals of each of the countries of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to nationals without prejudice to the rights specially provided by the present Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided they observe the conditions and formalities imposed upon nationals."

¹⁷Paris Union Convention, Article 15: "It is understood that the countries of the Union reserve the right to make separately between themselves, special arrangements for the protection of industrial property, insofar as these arrangements do not contravene the provisions of the present Convention."

access as a non-member. The very purpose of the national treatment principle provisions in the Paris Convention is to insure to the non-national a treatment equivalent to that given to a national. In the present case, the non-national is not given such treatment until he has divested himself of his foreign attributes. Accordingly, the conformity of Article 5, variant 2, with the Paris Union Convention is most questionable.

(2) *Variant 2 and the Right of Priority*

Moreover, variant 2 brings about the complete deletion of the provisions of the European Patent Convention establishing the right of priority. The official comments to Article 5 note that adoption of variant 2 would require deleting Articles 72 to 74. Article 72 provides, in part:

ARTICLE 72

THE RIGHT OF PRIORITY

Section 1—Any party, or his successor in title, who has duly filed an application for a patent, or for a utility model, shall benefit of a right of priority, for a period of twelve months from the date of the filing of the first application, for filing an application for a European patent for the same invention.

Section 3—Any application which qualifies as a regular national application by virtue of the law of the state in which the application has been filed or of bilateral or multi-party treaties is recognized to provide the basis for a right of priority.

Section 4—By a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the outcome of the application.

Section 6—If the first filing has taken place in a state other than a Contracting State, the above provisions are applicable only to the extent to which this state grants, pursuant to an administrative regulation, a right of priority on the basis of a first filing in the European Patent Office.

Not only does variant 2 bring about the deletion of the internal right of priority proposed by the Convention in Articles 72-74, but it fails to observe the original purpose and meaning of the right of priority established by Article 4 of the Paris Union Convention.¹⁸ This provision is primarily intended to give the inventor, who has first filed in the country where he made the invention, appropriate time for extending his

¹⁸Paris Union Convention, Article 4: "A person who has duly filed an application for a patent . . . in one of the Countries of the Union . . . shall enjoy, for the purpose of filing in the other countries, a right of priority during the periods hereinafter provided."

protection to other countries by filing a patent application. Under variant 2, the applicant from the non-contracting state would file first in the Common Market country and then, having thus acquired a right of priority based on this first filing, in the country where the invention was made. Thus, the first filing would be in a country where the invention was not made and only the second filing would be carried out there. Thus, a pattern would develop which is directly inverse of that prevailing now. This would certainly be a distortion, if not a contravention, of the spirit of the Paris Union Convention.¹⁹

III. THE COEXISTENCE OF NATIONAL LAWS WITH THE EUROPEAN LAW

There exist economic and political realities which must be taken into account at the time of approval of the final terms of the European Patent Convention which go beyond these and various other legalistic arguments which question the conformity of variant 2 of Article 5 with the Paris Union Convention. Any system for a European Patent which imposes restrictions on the accessibility of the system for non-members must expressly provide for the continued existence of the national patent system. Otherwise, the proposed system would fail to observe the stipulations of the Paris Union Convention.²⁰ Accordingly, the proposed European Patent Convention provides for its coexistence with the national patent laws.²¹ At a minimum, the coexistence requirement would demand that the national systems of patent law of the contracting states be preserved. But the further position may also be taken that it is implicit in this requirement that the quantum of right available at the time the Convention becomes effective cannot be decreased thereafter. This implies a static system of industrial property law for the contracting states.

IV. EFFECTS ON INDUSTRIAL DEVELOPMENT

The requirement of preserving national laws is inconsistent with dynamic economic and political developments in the EEC. The establishment of a European Patent would necessarily lead to the harmoniza-

¹⁹Also, Article 8 of the European Convention states that it shall not violate the commitments to which contracting states adhere by virtue of other international agreements.

²⁰*Op. cit., supra*, note 13, on the question of coexistence of the national and federal patent systems, the CNIBA Committee stated ". . . By virtue of maintaining national systems, the participating countries can continue to fulfill their obligations under the Paris Union Convention . . ."

²¹Article 6 and Introduction to the Draft Convention, p. 3.

tion of national laws²² pursuant to Article 100 of the Treaty of Rome. Gradually, too, it should provide the impetus for at least the partial abandonment of the national systems.²³ Even to the extent that any national law becomes obsolete in protecting a national industrial property interest, it would then have to be maintained. With the economic interests having adequate protection under a new supra-national law, little justification remains for the national law.

It is very important for the EEC countries to realize that the requirement of preserving the national laws is, therefore, likely to be a serious restraint on achieving desirable aims of the EEC. Restricted accessibility will, accordingly, be against the best interests of the EEC. In contrast, free accessibility of the European Patent system to non-members allows for a continued dynamic evolution of the law in the field of industrial property consonant with the aims of the EEC.

Moreover, economic expansion involving legally protected industrial property generally promotes the flow and trade of unprotected property. To establish obstacles to the protection of industrial property is like restraining the very core of economic development. This is opposite to the fundamental aims of the Treaty of Rome. Furthermore, placing

²²Ladas, *op. cit., supra*, note 15, pp. 247, 290-295; Froschmaier, *op. cit., supra*, note 2, Supplementary Publication No. 1, p. 59. Any system for a European patent that would be preferred by contracting parties with non-members relegated to the national patent contributes to perpetuating the compartmentalization of the EEC. See Froschmaier, *op. cit., supra*, note 2, Supplementary Publication No. 1, p. 64.

²³*Op. cit., supra*, note 13. The CNIBA Committee advocates a system going further than mere harmonization. "The future system must be established on new bases and not constitute merely a compromise between the existing (national) arrangements. In other words, integration must win over harmonization. To insure the success of a future federal system, it is indispensable, we believe, that the inventors of the participating countries have advantages in acquiring federal patents rather than national patents." Also, Finniss, Chairman, EEC Coordinating Committee of the Patent, Trademarks, and Design Committees, "Are the National Rights of Industrial Property Doomed to Disappear?" *La Propriété Industrielle*, Vol 6 (1961), pp. 133, 139. In discussing the establishment of a federal right of industrial property, juxtaposed onto the national right, he stated:

"Two rights will coexist; and one can think that one will devour the other following economic evolution. . ." As a result of the establishment of a federal right coexisting with a national right, ". . . the relative importance of the national rights will decrease considerably. . ." On the point whether the national rights will be displaced by the federal rights, he said ". . . If Europe becomes one, . . . becomes unified, all national rights will disappear, and they will disappear very fast; and they will probably disappear first because it is the fate of industrial property rights to be the avant-garde of the unification of the laws." He continued, ". . . along with the economic acceleration . . ., I believe that it will be childish to believe that, following this hypothesis, the industrial property right will be able to retain its national roots."

supra-national protection for industrial property essentially out of reach for the United States may have a serious dampening effect on the flow of protected property between the United States and the EEC. This would be contrary to the purpose of the Trade Expansion Act and similar liberal trade policies. It may also constrain industrial development in the EEC whenever it involves protected industrial property which had its origins in the United States. These are realities which those responsible for finalizing the Patent Convention cannot fail to recognize if they are to be aware of the best interests of the EEC.

V. THE POLITICAL CONTEXT

The issue of free accessibility is, however, basically a political one. It must be realized that it arises within the context of broad political problems. The EEC is committed now to fully assuming its world responsibilities.²⁴ The Community has pledged to seek non-discriminatory solutions to the problems arising out of the growth of the Community. Between a narrow and preferential solution—like restricted accessibility—and one broadly constructive—like free accessibility—the latter one is the only truly acceptable one for a community which has seen its world obligations grow commensurately with its economic importance.²⁵ In establishing a European system of industrial property, the EEC cannot tie it with restricting and preferential appendages discriminating against the United States. The EEC has realized that it must make certain that it must not merely seek EEC solutions that would aggravate the problems of other nations. Only world solutions are commensurate with world responsibilities.

²⁴Professor Hallstein, President of the Commission of the European Economic Community, "The European Community: Its Emerging World Role," an address at Creighton University, December, 1962.

²⁵*Ibid.*, "We have passed the stage of being uniquely a European factor. We are a world factor. We are not only willing to consider the problems of nations on whom our very existence has an impact, we are obliged to. We have reached the age of commitment, and we accept it." It must be noted that one of the reasons why the European Patent Law Convention is outside the legal structure of the Treaty of Rome is to entitle other countries to participate in the Convention without becoming associated with the European Common Market. The fact that the Convention is independent of the Treaty of Rome can not, therefore, be a proper basis for saying that the liberal policies advocated by the EEC are not applicable to the Convention. The Convention has the official sanction of the governments of the EEC. Froschmaier, *op. cit.*, *supra*, note 2, Supplementary Publication No. 4, p. 50. Therefore, policies enunciated by the EEC are also applicable to matters related to the Convention.

VI. CONCLUSION

The problems in this field call upon the United States to exercise strong and persistent, yet understanding and tactful, diplomacy to convince the EEC to live up to its commitments.

By recognizing its world responsibilities, the EEC will make a significant contribution to the building of a dynamic and equitable Atlantic partnership in the field of industrial property.